



**VISION TECHNOLOGY
INDIA LTD**

VISION TECHNOLOGY INDIA LIMITED

BANGALORE

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12th ANNUAL REPORT

2004 – 2005
(15 MONTHS)

Board of Directors : RANGAVASANTH B.
Chairman & Managing Director

RANGA B.S.
Director

SHAMALA B.R.
Director

ANITHA VASANTH
Whole time Director

Auditors : A.A.G.J. & Co.
Chartered Accountants
Bangalore.

Regd. Office : 110, Kengal Hanumanthaiah Road,
Bangalore – 560 027.

Bankers : INDIAN BANK
ICICI BANK LIMITED

NOTICE FOR THE ANNUAL GENERAL MEETING

Notice is hereby given that the 12th Annual General Meeting of VISION TECHNOLOGY INDIA LIMITED, will be held on Wednesday, the 25th January, 2006 at 9.00 am at the AC Hall, KSCA Club House, No. 1 M.G. Road, Bangalore 560 001 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at 30 -6-2005 and the Profit and Loss Account for the period ended on that date, together with the reports of the auditors and the directors thereon.
2. To appoint a director in place of Mr. B. S. Ranga, who retires by rotation, and being eligible, offers himself for re -election.
3. To appoint auditors and fix their remuneration,

Bangalore
Date: 23-12-2005

By Order of the Board

Rangavasanth. B
Chairman & Managing Director

NOTES:

1. A member entitled to attend and vote in the above meeting is entitled to appoint a Proxy to attend and vote instead of himself. A Proxy need not be a member of the Company.
2. Proxies, to be effective, must be lodged at the Regd. Office of the Company at least 48 hours before the time fixed for the commencement of the meeting.
3. Please bring the Attendance Slip with you dully filled in and hand over the same at the entrance to the Meeting Hall.
4. Members, who hold shares in dematerialized form, are requested to bring their depository account number (Client ID No.) for easier identification and recording of attendance at the meeting.
5. Please bring your copy of the Annual Report to the meeting, as it is not possible to supply extra copies at the venue.

DIRECTOR'S REPORT

Your Directors are pleased to present their Twelfth Annual Report for the period ended 30-06-2005.

FINANCIAL RESULTS :

| | 2004 - 05 (15 months) (Rs.in Lacs) | 2003 - 04 (9 months) (Rs. in Lacs) |
|---|--|---|
| Turnover | 86.87 | 65.26 |
| Other Income | 9.37 | 28.76 |
| Increase / Decrease in Stock | 0.09 | 0.01 |
| Total Revenues | 96.34 | 94.01 |
| Profit before Interest and Depreciation | (4.38) | (33.70) |
| Interest | 1.28 | -1.79 |
| Profit/Loss before Depreciation | (5.66) | (35.49) |
| Depreciation | 48.25 | 29.47 |
| Net Profit/Loss before taxation | (53.91) | (64.96) |
| Prior Period Adjustments | - | 2.10 |
| Provision for taxation | 0.30 | 1.97 |
| Profit/Loss after tax | (54.21) | (69.03) |

OPERATIONS AND FUTURE PROSPECTS:

The operations of the company are expected to improve in the coming years.

Accounting Year :

The Accounting year of the Company was changed from 31st March to 30th June by the Board of Directors of the company in their meeting held on 8.6.2005, as permitted by Sec. 210 (4) of the Companies Act, 1956. Hence, the accounts for the current year are for 15 months from 1.4.2004 to 30.6.2005.

AUDITORS :

M/s.A.A.G.J. & Co., Chartered Accountants, Bangalore, the auditors of the company, retire at this Annual General Meeting and are eligible for reappointment.

AUDITORS REPORT :

With regard to the qualifications made by the Auditors in para 2 (b) of their Audit Report, your directors wish to mention as follows:

- i) Dues from M/s. Vasanth Colour Laboratories – non provision:
Note B.2 (iii) is clear on the subject. The Company has received a sum of Rs. 33.00 lacs from VCL during the current year and company is confident of collecting the remaining sum during the next year.
- ii) Confirmation from Debtors and Loans and Advances :
Note B.2 (i) is clear on this point. As suggested by the Auditors, confirmations will be obtained in future.
- iii) Default in repayment of dues to Bank :

With regard to qualification made by Auditors in para 14 of the Annexure to the Auditor's Report, the Company has initiated One Time Settlement (OTS) proceedings with Union Bank of India for the settlement of its secured loans to the extent of Rs.16,22,897/- and the OTS is expected very shortly.

Board of Directors : Mr. B.S. Ranga, Director, retires by rotation at this Annual General Meeting and, being eligible, offers himself for re-election.

Pursuant to clause 49 of the listing agreement with the Stock Exchanges, the following information is furnished about the Director, Mr. B.S. Ranga, proposed to be reappointed:

Mr. B.S. Ranga was first appointed as a Director of the Company on 18.6.1992. Mr. B.S. Ranga is a renowned Producer/Director of many feature films and has twice won the Presidential awards for his films. Mr. B.S. Ranga has also won Sahitya Academy awards from the Centre and the Andhra Pradesh Government. He was the first producer of colour Kannada film viz. "Amara Silpi Jakkanachari". Mr. Ranga was also awarded several scrolls of honour from All India Cine Technician Association and Rajyotsava Award from the Government of Karnataka.

Other Directorships :Name of the Company

- * M/s.Vikram Studios, Chennai
- Proprietor
- * M/s.Vikram Studios & Laboratories
Pvt. Ltd., Chennai – Managing Director
- * Vasanth Colour Laboratories Ltd.,
Bangalore
- * Motion Graphics Pvt.Ltd., Chennai.
- *Turbo Tech Precision Engg. Pvt. Ltd.

Committee MembershipsName of the Committee

- Vision Technology India Ltd.
Chairman, Audit Committee
- Chairman, Remuneration Committee
- Chairman, Investor Grievances Committee

Fixed Deposits : The Company has not accepted any fixed deposits from the public during the year.

Directors' responsibility statement pursuant to Sec.217 (2AA) of the Companies Act, 1956.

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures.
2. The directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2004 - 05 and of the loss of the company for the same period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the annual accounts on a going concern basis.

Reduction of Share Capital :

In the last annual general meeting held on 7.6.2004, the members had approved the sub-division of the company's equity shares from Rs.10 each to equity shares of Rs.1 each.

Further, the shareholders had approved in the above meeting held on 7.6.2004, the reduction of the paid up equity share capital from Rs.11,79,04,000 to Rs.3,53,71,200 divided into 3,53,71,200 equity shares of Rs.1 each. The Hon. High Court of Karnataka has confirmed the said reduction vide their Order dated 20.9.2005. The Company has also received the registration of the Registrar of Companies, Karnataka on 22.12.2005 as required under the Companies Act. Accordingly, the paid up share capital of the company is reduced to Rs.3,53,71,200 equity shares of Rs.1 each in the Accounts for 2004-05.

However, the procedural aspects like recalling of old share certificates, issue of new share certificates, effecting the reduction in dematted accounts etc. are being attended to and not completed as on date. These are expected to be completed shortly.

Particulars of Employees under Section 217 (2A) :

During the year, there were no employees who were in receipt of remuneration in excess of the limits prescribed under the above section.

Information under Sec.217 (1)(e) of the Companies Act, 1956

| | | |
|------------------------|---|---|
| Conservation of Energy | : | } These are not applicable to the Company |
| Technology Absorption | : | |

Foreign Exchange Earnings : - Nil -

Foreign Exchange out go : - Nil -

MANAGEMENT DISCUSSION AND ANALYSIS

A report on the Management discussion and analysis as required under clause 51 of the Listing Agreement is attached herewith (Annexure I).

Corporate Governance:

A report on the corporate governance is attached herewith as required by the amended clause 49 of the listing agreement (Annexure - II).

Compliance Certificate:

A certificate from the auditors of the company regarding compliance of the conditions of corporate governance as stipulated is attached to this report. (Annexure -III)

Shareholder Information:

The required shareholder information is furnished in Annexure - IV to this report.

Acknowledgement :

The Directors wish to place on record their appreciation for the continued support received from their customers, bankers and employees of the Company.

By order of the Board

Sd/-

Rangavasanth.B
Chairman and Managing Director

Sd/-

Anitha Vasanth
Whole Time Director

Place : Bangalore

Dated : 23rd Dec 2005

ANNEXURE - I**MANAGEMENT DISCUSSION AND ANALYSIS**

There has been no major change in the operation of the Company in the last 15 months of the period ended 30.6.2005. Your Company has been concentrating on consolidation of its assets and liabilities.

Your Company has been trying very diligently to get suspension of trading on the BSE lifted and this matter is in the final stages of being resolved.

New projects in the media space are being planned for the current year.

ANNEXURE – II**Corporate Governance Report**1) Company's philosophy on Corporate Governance

The Board has been committed to adopting best practices for corporate governance in line with SEBI code, in addition to the proper compliance of any obligation under any law for the time being in force.

2) Board of Directors:2.1 Constitution of the Board

The composition of the Board with regard to the number of Executive and Non-Executive Directors meets with the requirements laid down as follows:

Out of the four Directors presently on the Board of the Company, there are two Executive Directors, viz, Mr.Rangavasanth B, Chairman and Managing Director and Mrs.Anita Vasanth, Wholetime Director. There are two Non-Executive Directors, viz, Mr.B.S.Ranga and Mrs.B.R.Shamala.

However, there are no independent Directors. The Company is on the look out for suitable persons to be considered for independent, non - executive, non-promoter Directors.

Thus, while the company has complied with the requirement that atleast half of the Board members should be non -executive Directors, the condition that half of the Board should be independent Directors is to be complied with.

2.2. Meetings:

Meetings of the Board are held as and when the occasion demands and where there are important matters to be considered, but atleast not later than three months once.

During the period under review, 14 meetings were held by the Board of Directors on 15.4.2004, 28.4.2004, 6.5.2004, 8.7.2004, 30.7.2004, 11.8.2004, 30.10.2004, 17.1.2005, 21.1.2005, 28.1.2005, 15.3.2005, 30.4.2005, 29.5.2005 and 8.6.2005.

All the Four Directors have attended all the Board meetings as above. Mr. Rangavasanth B and Mrs. Anitha Vasanth attended the last AGM held on 7.6.2004.

2.3 Remuneration to Executive Directors:

| Particulars | Mr.Rangavasanth B Chairman and Managing Director | Mrs.Anita Vasanth Wholetime Director |
|--|--|--|
| 1. Salary | -- | -- |
| 2. Allowances and perquisites | -- | -- |
| 3. Contribution to P.F., Gratuity and Superannuation Funds | -- | -- |
| 4. Stock Options | -- | -- |
| Total→ | -- | -- |

In both the above cases, the appointment is for a period of five years from the date of appointment. In view of the loss, both the above wholetime directors have waived their remuneration for the current year.

No remuneration or sitting fees were paid to the non -executive Directors during the period.

2.4 Committees of Directors:

The Board has constituted committees of Directors as follows, to deal with matters which need timely decisions.

2.4.1 Share Transfer Committee:

The Board of Directors of the company have constituted a committee of Directors consisting of Mr.Rangavasanth B, Chairman and Managing Director and Mrs.Anita Vasanth, Wholetime Director to approve share transfers from time to time. The committee had met four times during the period.

2.4.2 Investor Grievances Committee:

The Board had constituted an Investor Grievances Committee, to consider the grievances of shareholders / investors regarding share transfers, etc. This committee consists of Mr. Rangavasanth B. Chairman and Managing Director and Mr.B.S.Ranga, Director. The Committee met once during the period on 30.6.2005 and disposed of all the pending investor complaints. Mr.K.M.Dorairaj, Asst Secretary was appointed as the Compliance Officer. He has since left the Company and hence the Chairman and Managing Director is acting as the Compliance Officer at present.

All the complaints received by the company have been redressed as on 30.06.2005 and no complaints are outstanding with the company as on the date of the report.

2.4.3 Audit Committee :

An audit committee was constituted on 18-04-2001 with the following directors as members.

| | | |
|-------------------|---|----------|
| Mr.B.S.Ranga | - | Chairman |
| Mr.B.R.Shamala | - | Member |
| Mr.Rangavasanth B | - | Member |

During the year, the committee held six meetings. The terms of reference are in accordance with the requirement of clause 49 of the listing agreement and include:

- a) Revision of the Company's financial reporting process and financial statement.
- b) Review of accounting and financial policies and practices.
- c) Review of internal control and internal audit systems.
- d) Discussion with the internal and external auditors
- e) Reviewing company's financial and risk management policies.

2.4.4 Remuneration Committee:

The company has constituted a Remuneration Committee with the following Directors:

1. Mr. B. S. Ranga - Chairman
2. Mrs. B. R. Shamala - Member

The brief terms of reference include:

- a) to determine on behalf of the Board the company's policy on specific remuneration package to executive directors.
- b) To avoid conflict of interest and to review and suggest to the Board and to the members the remuneration payable to the executive directors.